

Message Text

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ACTION XMB-04

INFO OCT-01 EUR-12 ISO-00 SP-02 USIA-06 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 OPIC-03 LAB-04
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DEPT PASS EXIMBANK

E.O. 11652: N/A
TAGS: EFIN, YO
SUBJECT: EXIMBANK TECHNICAL TEAM VISIT; OPERATING PROCEDURES WITH
YUGOSLAVIA

1. E/C COUNSELOR CALLED ON ASSISTANT FINANCE SECRETARY STOJILJKOVIC
MARCH 28 TO INFORM HIM OF FORTHCOMING TECHNICAL LEVEL VISIT OF
EXIMBANK OFFICIALS SHROBE AND WISNIEWSKI. HE NOTED THAT PURPOSE
OF THEIR VISIT TO YUGOSLAVIA NOW IS TO MEET WITH EXISTING
BORROWERS AND UNDERTAKE A PRELIMINARY ENGINEERING REVIEW OF
THE DINA PROJECT. STOJILJKOVIC WELCOMED VISIT AND INDICATED
THAT THEY WOULD NOT NEED TO CONTACT THE FINANCE SECRETARIAT
WHILE HERE.

2. STOJILJKOVIC THEN SAID THAT HE HAD PLANNED TO MEET WITH
E/C COUNSELOR NEXT WEEK IN ANY CASE TO DISCUSS YUGOSLAV
REPLY TO CHAIRMAN MOORE'S FEBRUARY 10 LETTER TO CEMOVIC AND EXIM'S
PROPOSED MEMORANDUM OF UNDERSTANDING. STOJILJKOVIC SAID THAT
REPLY WAS NOW BEING FINALIZED, THAT CEMOVIC HAD ALREADY
APPROVED IT, AND THAT ADDITIONAL APPROVALS BY OTHER GOVERNMENT
BODIES ARE EXPECTED EARLY NEXT WEEK. A LETTER FROM CCEMOVIC TO
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MOORE SHOULD THEREFORE BE READY BY LATE NEXT WEEK.

3. STOJILJKOVIC SAID HE WANTED TO GIVE A PRELIMINARY IDEA OF
WHAT THE CEMOVIC LETTER WILL CONTAIN. WITH REGARD TO EXIM'S
PROPOSAL FOR JOINT AND SEVERAL GUARANTEES BY A GROUP OF
COMMERCIAL BANKS FOR LOANS OVER ONE MILLION DOLLARS,
STOJILJKOVIC SAID THAT IT WAS "IMPOSSIBLE" FOR EXIM TO ASK THE

YUGOSLAV FINANCE SECRETARY TO COMMIT HIMSELF TO SUCH GUARANTEES IN A BILATERAL DOCUMENT THIS IS POLITICALLY NOT ACCEPTABLE, HE SAID. "EXIM CANNOT ASK THE MINISTER OF A SOVEREIGN COUNTRY TO ISSUE A GUARANTEE FOR A TRIFLE" (I.E., ONE MILLION DOLLARS). IT IS UNACCEPTABLE FROM THE LEGAL POINT OF VIEW AS WELL, STOJILJKOVIC CONTINUED. THE CEMOVIC LETTER, HE STATED, WILL EXPLAIN WHY THIS PROPOSAL IS NOT ACCEPTABLE AND SUGGEST A WAY TO RESOLVE THE PROBLEM. STOJILJKOVIC AGREED WITH E/C COUNSELOR THAT GUARANTEES BY A GROUP OF BANKS ARE POSSIBLE AND HAVE ALREADY BEEN GIVEN IN A NUMBER OF CASES, BUT EMPHASIZED THAT THE FINANCE SECRETARY CANNOT UNDERTAKE THE OBLIGATION FOR THIS IN A BILATERAL DOCUMENT.

4. WITH REGARD TO EXIM'S PROPOSAL FOR FOREIGN EXCHANGE ASSURANCES, STOJILJKOVIC SAID THAT THE ISSUANCE OF SUCH ASSURANCES ON A CASE-BY-CASE BASIS IS "NOT ACCEPTABLE". HE SAID THE LETTER WOULD SUGGEST THE ISSUANCE OF A SINGLE "BLANKET STATEMENT" BY THE NATIONAL BANK SO THAT INDIVIDUAL ASSURANCES WOULD NOT HAVE TO BE ISSUED FOR EACH NEW LOAN.

5. STOJILJKOVIC WENT ON TO SAY THAT THE CEMOVIC LETTER WILL SUGGEST A PROCEDURE TO BRING EXIM AND THE YUGOSLAV BANKS CLOSER TOGETHER. THIS WOULD BE SOMETHING LIKE NEW OPERATING PROCEDURES WHICH WOULD, IN PARTICULAR, DE-EMPHASIZE THE CONCEPT OF "STATISM" AS REGARDS DEALING WITH YUGOSLAVIA.

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6. IN CONCLUSION, STOJILJKOVIC EMPHASIZED THAT THE CEMOVIC REPLY WILL BE "BASICALLY CONSTRUCTIVE". HE SAID IT WILL ATTEMPT TO REMOVE MISCUNDERSTANDING AND MISCONCEPTION ABOUT THE YUGOSLAV SYSTEM AND TAKE THE MATTER A STEP FURTHER. HE ALSO SAID THAT THE LETTER WOULD "GO TO THE LIMIT OF WHAT YUGOSLAVIA CAN ACCEPT VIS-A-VIS ITS SYSTEM".

7. COMMENT: DESPITE STOJILJKOVIC'S FAMILIAR RHETORIC INVEIGHING AGAINST INFRINGEMENT OF YUGOSLAVIA'S SOVEREIGNTY, THE TONE AND SUBSTANCE OF HIS COMMENTS WAS MORE POSITIVE THAN WE HAVE HEARD FOR SOME TIME. IT WOULD APPEAR THAT THE FINANCE SECRETARIAT HAS GOTTEN THE MESSAGE, AT LEAST TO THE EXTENT OF NOW BEING WILLING TO RESUME A DIALOGUE WITH EXIM ON THE BASIS OF THE PROPOSED MEMORANDUM OF UNDERSTANDING. HOW FAR THE CEMOVIC REPLY WILL ACTUALLY GO, HOWEVER, REMAINS TO BE SEEN.
EAGLEBURGER

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Message Attributes

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Concepts: VISITS, BANKERS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
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Review Exemptions: n/a
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